

CEOs: Potential for growth if Hill cooperates

By LAUREN FRENCH (/REPORTERS/?ID=526) | 3/14/13 8:50 AM EDT | Updated 3/15/13 7:02 AM EDT

American businesses need certainty from the government to expand, a panel of corporate CEOs said Thursday, but they predicted there is huge potential for growth if Democrats and Republicans in Congress can simplify the tax code and pass a budget.

John Chambers, the chairman and CEO of Cisco Systems, predicted the private sector could add nearly 15 million jobs in the next few years and the economy overall could expand by nearly 4 percent if lawmakers would pass comprehensive immigration and budget packages and overhaul the tax code to give U.S. multinationals equal tax footing in the global market.

“Consistency of policy is the No. 1 takeaway,” Chambers said at POLITICO's CEO Roundtable in Washington when asked what message he wished he could share with President Barack Obama and House Speaker John Boehner.

And a complete overhaul of the tax code is where lawmakers should begin, the corporate leaders said.

Under current law, the United States taxes profits earned abroad by American multinationals but defers the levies until the money is brought home. This creates an incentive for businesses to park cash overseas indefinitely in low- or no-tax countries.

So if lawmakers want that money to return, Chambers said, Congress should allow corporations to bring those profits — estimated to be close to \$1.7 trillion — back to the United States at a lower tax rate, a process known as a repatriation holiday.

“Give us a tax system that allows us to have a competitive footing,” he said.

And Charles Scharf, the CEO of Visa, said lawmakers can save the tough talk of branding corporations that move investments abroad as immoral.

“It’s really not complicated; we love this country. We want to do everything we can to be supportive of growing this country, but at the same time, we have to make business decisions,” he said. “Using moral persuasion to try and convince people ... to continue to invest in this place is fine, but [more important] are the actions the government takes.”

In the CEOs’ opinion, creating a competitive corporate tax system hinges on switching to a territorial tax system — where corporations are only taxed on profits earned within the country’s borders.

But any policy changes are contingent, they argued, on lawmakers passing a long-term budget solution.

“What we’re doing with the budget is no way to run company, let alone a country,” said John Doerr, a partner with Kleiner Perkins Caufield and Byers. “The United States is falling way short in ability and clarity ... to grow the economy.”

The corporate leaders criticized the hyper-partisanship that has created an environment where Republicans and Democrats focus more on “what is separating them” rather than big ideas, said Steve Case, the chairman and CEO of Revolution LLC and founder of AOL.

“There are disincentives to come together,” Case said. “The solution is to come together around big

things.”